Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	Ameritech Operating Companies
1998 Access Reform Tariff Filings	)	Transmittal No. 1136
	)	

97-249
97-250

AMERITECH'S OPPOSITION TO PETITIONS TO REJECT OR SUSPEND AND INVESTIGATE

I. Introduction

Ameritech[1] submits this opposition in response to the Petitions to reject, suspend or investigate Ameritech's Access Reform Tariff filing, Transmittal No. 1136. Many of the arguments raised in these Petitions[2] are repetitive, in that they merely rehash points made in the parties' earlier oppositions to Ameritech's Access Reform Tariff filing, Transmittal No. 1135. To the extent these redundant arguments are considered by the Commission, Ameritech relies upon its previous answers[3] in response to those earlier pleadings. To the extent the Petitions raise novel issues, Ameritech believes that Petitioners' arguments should be rejected for the reasons which follow.

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[1] As used herein, "Ameritech" means: Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

[2] Petitions were filed on December 23, 1997, by TCG, MCI, AT&T and Sprint.

[3] In the Matter of Access Reform Tariff Filings, Ameritech Operating Companies' Tariff FCC No. 2, Transmittal No. 1135, Ameritech Opposition to Petitions to Suspend and Investigate and Reply to Comments on Tariff Review Plan, filed December 17, 1997.

II. The TIC exemption does not apply to services which do not require multiplexing.

In its Access Charge Reform Orders, the Commission specified that competitive providers which provide transport services would be exempt from paying incumbent LECs the full Transport Interconnection Charge ("TIC"),[4] but would still be required to pay that portion of the TIC not related to facilities-based costs.[5] As explained in Transmittal No. 1135, the CAP Transport Residual Credit Ameritech proposes to implement the "TIC exemption." As further explained in its Opposition to Petitions to Suspend and Investigate and Reply to Comments on Tariff Review Plan, the credit (or "exemption") applies only when the CAP provides all the transport facilities, including multiplexing, between the serving wire center and the end office. One commenting party argues that since pure transport and pure multiplexing, if they existed and were provided independently, would be "two segregable services", the TIC exemption should apply even when the incumbent LEC's costs of providing a particular transport service include multiplexing.[6] This attempt to avoid legitimate charges should be rejected by the Commission.

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[4] This element is referred to in Ameritech's Access Reform filing as the CAP Transport Residual Credit.

[5] Access Charge Reform Order, First Report and Order, CC Docket No. 96-262, FCC 97-158, rel. May 16, 1997 (hereinafter "First Report and Order"), at ¶ 240; recon. Second Order on Reconsideration and Memorandum Opinion and Order, FCC 97-368, rel. October 9, 1997 (hereinafter "Second Recon. Order"), at ¶ 73.

The Commission's Orders in this matter structure this exemption to insulate competitive carriers which provide transport services from paying their otherwise-assessed portion of the per-minute TIC that would not be reassigned to particular facilities on a cost-causative basis.[7] That language does not free carriers providing transport from paying their full TIC assessment when the incumbent LEC incurs costs related to the transport service -- as is the case here. When providing multiplexing, an incumbent LEC provides two elements of transport: the first is the multiplexing itself (which is properly categorized as a transport rate element), and the second is the DS1 link between the switch and the multiplexer. If no DS1/DS3 multiplexing is provided by the incumbent LEC, the cost of the link between the switch and the competitive carrier's interconnection arrangement is recovered by the incumbent LEC in its charge for the interconnection arrangement. If DS1/DS3 multiplexing is provided by the LEC, the cost of the connection between the multiplexer and the interconnection arrangement is recovered by the incumbent LEC in its charge for the interconnection arrangement but the cost of the link between the switch and the multiplexer is assessed via a transport rate element. Since the incumbent LEC provides transport in this latter case, the TIC exemption simply does not apply.

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[6] Petition of TCG, at 2-5.

[7] Second Recon. Order, at ¶ 73.

III. Assessment of Trunk Port Charges

In full compliance with the Commission's Orders, Ameritech's proposed tariff language states that the trunk port charge will be assessed on a per-LT-1 port basis to carriers which cause Ameritech to incur the associated costs.[8] MCI argues that, rather than assessing this charge on full LT-1s allocated to a carrier, port charges should not be assessed on spare trunks riding a transport facility allocated to a carrier. Under this view, for example, even though a carrier is allocated an entire LT-1 facility, it would not be assessed the full port charge associated with that facility.[9] This self-serving plea for such a "clarification" should be denied.

In serving a particular carrier, incumbent LECs incur trunk port costs based on the level of service purchased by that carrier. Each port provided by the LEC in serving a carrier is entirely dedicated to, and is used solely by, that carrier who purchases service into the incumbent LEC's end office and tandem switches. In complete juxtaposition to the Commission's explicit language that access charges must be assessed on a cost-causative basis,[10] MCI contends that it should not incur access charges in the manner in which a LEC incurs costs in meeting MCI's own service requirements.

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[8] At p. 134.1, ¶6.1.3(3).

[9] Petition of MCI, at 19.

[10] The Commission has ordered that the costs of a dedicated trunk port should be recovered on a flat-rated basis "from the carrier purchasing the dedicated trunk terminated by that port." First Report and Order, at ¶127.

Under the Commission's fundamental cost-recovery principle, trunk port charges are to be assessed based on the non-traffic sensitive costs incurred by a LEC in serving each particular carrier; i.e., based on that carrier's purchases of service from the LEC.[11] Ameritech's trunk port charges are based on this fundamental principle. Specifically, Ameritech's tariffs provide that trunk ports will be charged to carriers on an LT-1 (or DS1 equivalent) level when that carrier purchases LT-1 switched transport service into an Ameritech end office or tandem switch. If a carrier purchases LT0 level service (DS0 equivalent), Ameritech will charge an LT0 trunk port based on the number of LT0 facilities and associated trunks dedicated to that carrier. In this manner, Ameritech will not incur the costs of providing dedicated trunk port capacity without the associated ability to recover its costs associated with the trunk ports dedicated to meet the needs of a particular carrier. Since no other company -- including the LEC itself -- has the ability to use trunks which are dedicated to a specific carrier ordering service from the LEC, that carrier should bear the cost burden for services purchased from the LEC.

If MCI does not wish to be assessed the entire LT1 trunk port for the LT1 services it purchases from a LEC, it should simply purchase voice grade trunks, connecting only the specific number of trunks required to meet MCI's service needs. If this arrangement were purchased, then the LEC from which MCI

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[11] Ibid.

purchases service would not incur costs for the entire LT1 trunk port and would leave the remaining unutilized trunk ports available for other carriers to use.

IV. Ameritech's PICC Billing is based on the Commission's "snapshot" method.

In its First Report and Order, the Commission acknowledged the administrative difficulties associated with billing PICC when end users change their presubscribed carriers. For that reason, the Commission explicitly permitted LECs to bill each carrier its full PICC assessment based on records as they exist at the beginning of the carrier's billing cycle.[12] This issue has been discussed at the Ordering and Billing Forum ("OBF") and most of the industry has adopted the snapshot mechanism as structured by the Commission.

Despite the explicit earlier holding on this point, MCI reargues the issue and asks the Commission to require LECs to "prorate" the PICC charge to reflect the exact number of days for which a particular end-user customer was presubscribed to each individual carrier chosen during the billing cycle by that customer. MCI further argues that LECs should provide credit allowances to carriers to account for any service interruptions experienced by a particular end-user customer.[13]

MCI's concern appears to be limited to being over-billed for PICC charges related to customers who have discontinued MCI's service during a given month;

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[12] First Report and Order, at ¶ 92.

[13] Petition of MCI, at 20.

not surprisingly, its scheme would not adjust its bills to account for being under-billed in those cases where customers subscribed to MCI during a month. Of course, as the Commission correctly observed in authorizing the "snapshot" PICC methodology in the first place, a carrier's PICC billing will come out approximately even over a billing period. There is neither a need nor requirement to prorate the PICC in the one-sided manner now proposed by MCI.

Under the PICC structure adopted by the Commission, there is also no need or requirement to establish a credit for PICC charges in cases of service interruptions. PICC charges are a subsidy mechanism intended to permit recovery by a LEC of the non-traffic sensitive costs it incurs in providing local loops. A credit for service outages is obviously inappropriate for this type of charge because it represents a fixed subsidy allocated over a total number of lines -- regardless of the usage levels on those lines.

V. <u>Ameritech's filings fully support its TIC True-Up Calculation.</u>

In the Access Reform Order, the FCC directed LECs that use the residual TIC estimate factor in their annual filings (this includes Ameritech) to determine if the use of the estimated factor resulted in more PCI reductions being targeted to the TIC than was necessary. Despite Ameritech's full showing on this point, AT&T surprisingly claims that Ameritech "did not use . . . all of the exogenous TIC costs (resulting in an overstatement of TIC rates),"[14] and further complains that Ameritech did not show its calculations.[15]

Responding to this complaint is problematic because Ameritech did provide the data which AT&T claims it cannot find; in fact, most of this data was provided in more than one place (details were included in both Transmittal Nos. 1135 and 1136). Nonetheless, the relevant figures will be repeated herein for convenience's sake.

The most important supporting data are provided on Ameritech's CAP-1 form, at Lines 690-C and 670-C. Line 670 clearly shows Ameritech's total TIC revenue based on PCI changes. Line 690 reflects the amount to be reassigned from the TIC to other facilities-based rate elements. Since line 670 is greater than Line 690, Ameritech obviously did not remove "too much" from the TIC in its annual filing.

The actual amounts transferred from TIC to other elements is displayed in Ameritech's Supp-EXG2, at Line 200. The only numbers not included here are the TIC allocations from COE maintenance and from General Support Facilities. These amount were allocated to the total trunking basket, as shown on Line 519. In compliance with the Commission's Orders, these amounts were then allocated to the TIC element based on the percent of revenues which they represent.[16]

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[14] Petition of AT&T, at 11.

[15] Ibid., at fn. 11.

[16] In the Matter of Support Material for Carriers to File to Implement Access Charge Reform Effective, January 1, 1998, Tariff Review Plans (DA 97-2345), rel. November 6, 1997.

Further details on the calculations for other amounts transferred from the TIC are shown in individual exhibits in Ameritech's previous filings. For reference purposes, a list of relevant exhibits is provided in Attachment 1 hereto.

VI. Ameritech's Multiplexer Rate Element conforms to all applicable requirements.

The Commission's Orders in this matter directed incumbent LECs to establish a new flat-rated multiplexing charge for DS-3 and DS-1 trunks from a serving wire center to the associated access tandem.[17] In its Petition, AT&T claims that only SNET and BellSouth have done so, and complains that other LECs failed to file new flat rated charges for multiplexers used between the tandem switch and the serving wire center of the customer when the customer purchases dedicated DS3 trunks on the serving wire center side of the tandem.[18] As to Ameritech, this claim is false.

Ameritech did in fact establish the new flat-rated charge, through the expanded application of its existing LT-3 to LT-1 multiplexer rate element (see Ameritech Access Reform Filing, Transmittal No. 1135, new material on tariff p. 132.9.2; see also D&J at pp. 8, 17 and 24). As Ameritech explained in its Access Reform Filing, customers currently purchasing Direct Transport to the tandem on a DS3 basis are assessed an LT-3 to LT-1 multiplexer charge. Since Ameritech

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[17] The Commission has directed incumbent LECs to establish separate rate elements for the multiplexing equipment on each side of the tandem switch. First Report and Order at ¶70.

[18] Petition of AT&T, at 13.

incurs the same multiplexing costs to provision a DS3 as Direct Transport to the tandem as it does to provision a DS3 as Tandem Transport, the expanded application of this existing multiplexing charge is appropriate as to customers purchasing dedicated Tandem Switched DS3 trunks from their serving wires center to the associated tandems. Accordingly (as shown on Exhibit 14 attached to Ameritech's Transmittal No. 1135 filing), Ameritech has made an exogenous adjustment to the TIC, removing the costs associated with this expanded application of the multiplexer charge. Since Ameritech no longer employs analog tandem switches in its network, establishment of a DS1 to voice grade multiplexer on the serving wire center side of the tandem switch is unnecessary.

VII. Ameritech's PICC demand and EUCL Counts do reconcile.

As explained in its Access Reform Filing, Ameritech's multiline PICC demand is less than multiline EUCL demand because Ameritech does not charge a PICC on multiline business services that are inward only. AT&T has requested additional documentation of the types and quantities of services for which Ameritech does not charge a PICC.[19]

For purposes of computing rates for its access reform filing, Ameritech's multiline business PICC counts excluded lines associated with Direct Inward Dial ("DID") service.[20] To the extent other types of lines may by unable to select a

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[19] Petition of AT&T, at 30.

[20] See Attachment 2 for details.

presubscribed carrier, Ameritech will achieve less PICC revenue than calculated in its filing, and the resulting loss will fall on Ameritech rather than on any interexchange carrier.

VIII. General Support Facility (GSF) Adjustment to CAP-1 Form

AT&T complains that Ameritech and "most of the LECs" have added a GSF element to their CAP-1 chart calculations.[21] It is Ameritech's understanding that Commission Staff suggested the inclusion of a GSF adjustment in this calculation. If required, the Commission could clarify this point in written form.

VIII. Conclusion

For the reasons set forth above, the Commission should reject Petitioners' arguments and permit Ameritech's Access Reform Tariff filings to take effect as originally submitted.

Respectfully submitted,

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[21] Petition of AT&T, at 35.

Attachment 1

Ameritech

TIC Recalculation Sources

Description	Source
Tandem Switching Revenue, including EOS/STP SS7 Link Tandem SS7 Signaling	Exhibit 9 *
Tandem Switching Trunk Port	Exhibit 10
Host/Remote Transport	Exhibit 13
Actual vs. 9000 Minutes	Exhibit 16
Zone Differentiation	Exhibit 17
Marketing	Exhibit 3
COE Maintenance	Exhibit 2
EO/Tandem Switched Mux	Exhibit 14
General Support Facilities	Exhibit 32 **

* Revised with Transmittal No. 1136.

** New exhibit in Transmittal No. 1136

Attachment 2

Ameritech

Exclusions from Lines Assessed a

PICC Charge

Direct Inward Dial ("DID") lines

State	Number of Lines Excluded
Illinois	826,897
Indiana	166,300
Michigan	582,776
Ohio	454,626
Wisconsin	226,118

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Ameritech's Opposition to Petitions to Suspend and Investigate has been served on the parties listed below via facsimile, on this 29th day of December, 1997.

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